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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of

JOINT APPLICATION OF B. H., INC.)	Case No. <u>2004-00336</u>
AND RICHMOND UTILITIES, LLC)	
FOR APPROVAL OF THE TRANSFER OF)	
WASTEWATER TREATMENT PLANT TO)	
RICHMOND UTILITIES, LLC)	

APPLICATION FOR APPROVAL OF TRANSFER

Pursuant to KRS 278.020(4), B. H., Inc., and Richmond Utilities, LLC, hereby submit to the Public Service Commission of Kentucky (“Commission”) this application for the transfer of the Wastewater Treatment Plant and collection system serving the Brocklyn Subdivision in Richmond, Madison County, Kentucky, to Richmond Utilities, LLC in accordance with the Assets Purchase Agreement to be executed by the Joint Applicants, a copy of which is attached hereto as Exhibit A. In support of their application, B. H., Inc., and Richmond Utilities, LLC, state the following.

1. B. H., Inc., the Seller under the Agreement, is a Kentucky Corporation in good standing, with its principal place of business at 474 Eastern By-Pass, Richmond, Kentucky 40475. A copy of the Articles of Incorporation of B. H., Inc., is attached hereto as Exhibit B. B. H., Inc., is a private utility subject to Commission jurisdiction under KRS 278.010(3)(f). Bob L. Hager is the President and a shareholder of B. H., Inc., and has been duly authorized to execute this joint application on behalf of the corporation. A copy of the resolution of the B. H., Inc., Board of Directors authorizing the execution of the Agreement transferring the assets of B.H., Inc., to Richmond Utilities, LLC, and this Joint Application is attached hereto as Exhibit C.

2. Richmond Utilities, LLC, is the purchaser under the Agreement, and its address is 1706 Bardstown Road, Louisville, Kentucky 40205. Richmond Utilities, LLC, is a Kentucky Limited Liability Company in good standing. A copy of the Articles of Organization of Richmond Utilities, LLC, is attached hereto as Exhibit D. Richmond Utilities, LLC, is a private utility subject to Commission jurisdiction under KRS 278.010(3)(f). Marty Cogan, a member of Richmond Utilities, LLC, is duly authorized to execute this joint application on behalf of the limited liability company.

3. The sewer system owned by B. H., Inc., serves approximately 70 single family residences and 98 multi-family residences in Brocklyn Subdivision, Richmond, Madison County, Kentucky. These are no commercial connections to the subject wastewater treatment plant.

4. Under the Agreement, B. H., Inc., will sell to Richmond Utilities, LLC, all of the assets making up the wastewater treatment plant and the collection system currently serving the Brocklyn Subdivision located in Richmond, Madison County, Kentucky. The assets purchased by Richmond Utilities, LLC, are described more fully in the Agreement, but include the Brocklyn Subdivision wastewater treatment plant, the wastewater collection system and any pump stations related thereto, cash and cash equivalents and the real property upon which the wastewater treatment plant is located. All liabilities of B. H., Inc., shall be concluded at closing so that Richmond Utilities, LLC, will not assume any liabilities or obligations of B. H., Inc. Richmond Utilities, LLC, will have the obligation to provide utility services in connection with the operation of the sewer business after the closing. The closing under the Agreement will occur within thirty (30) days after receipt of the approval of the Commission.

5. The Brocklyn Subdivision wastewater treatment plant is an above ground package sewage treatment plant. It was constructed in 1969 and currently serves approximately 70 single family residences and 98 multi-family residences in Madison County, Kentucky. The average daily treatment capacity of the Brocklyn Subdivision wastewater treatment plant is 40,000 gallons. The plant consists of an aeration tank, a settling tank and chlorinating facilities, and the effluent flows into a lagoon prior to discharging to an unnamed tributary to Taylor Fork. The plant is in good condition and consistently meets State water quality standards.

6. Richmond Utilities, LLC, has the requisite financial, technical and managerial ability to operate the subject wastewater treatment plant and collection system and to provide reasonable service to the wastewater customers of Richmond Utilities, LLC. Upon the approval of the purchase of the Brocklyn Subdivision Wastewater Treatment Plant, Richmond Utilities, LLC, will have a cash balance of in excess of \$20,000 for use in the operation of said wastewater treatment plant. Furthermore, Marty Cogan and Larry Smither, the members of Richmond Utilities, LLC, have the necessary financial reserves to loan the limited liability company the funding necessary to assure continued operation of the plant. Richmond Utilities, LLC, has the necessary technical ability to operate the subject wastewater treatment plant, as Mr. Cogan is a licensed wastewater treatment plant operator in the Commonwealth of Kentucky. He also has a Master's Degree in Environmental Engineering from the University of Louisville's Speed Scientific School. Mr. Cogan has operated numerous wastewater treatment plants located in Kentucky over the last twenty (20) years. Mr. Smither, who is also licensed by the Commonwealth of Kentucky as a wastewater treatment plant operator has extensive experience in wastewater treatment plant operation and design, has operated package wastewater treatment plants in Kentucky for over thirty (30) years. Richmond Utilities,

LLC, has the necessary managerial ability to operation the subject wastewater treatment plant, as Mr. Cogan and Mr. Smither previously owned and operated the Covered Bridge Utilities wastewater treatment plant and the Glenview Utilities wastewater treatment plant located in Jefferson County, Kentucky. The Covered Bridge Utilities wastewater treatment plant was sold to the Oldham County Sewer District in 2000. The Glenview Utilities wastewater treatment plant was sold to the Louisville and Jefferson Metropolitan Sewer District. Mr. Cogan and Mr. Smither have assisted with the management of a number of wastewater treatment plants owned by Mr. Carroll F. Cogan, including the following wastewater treatment plants: Countryside, Willow Creek, Orchard Grass, Hunter's Hollow, Bullitt Hills, Brentwood and Farmdale. Furthermore, since August 1, 2004, Richmond Utilities, LLC, has operated the subject wastewater treatment plant for B.H., Inc.

7. There is no one that the Joint Applicants are aware of that would be willing to participate in the execution of a third party beneficiary agreement. As stated above, Mr. Cogan and Mr. Smither are very familiar with the financial resources required to run this facility and are well prepared to undertake this responsibility. The transfer puts the plant in the hands of individuals prepared and qualified to operate and run the facility. The community will benefit from the improved operation and plant performance afforded by the new owners.

8. The proposed transfer of the assets of the Brocklyn Subdivision Wastewater Treatment Plant by B. H., Inc., to Richmond Utilities, LLC, will be accomplished in accordance with law, for a proper purpose and, consistent with the public interest: (a) On or before closing, Richmond Utilities, LLC, will have all necessary permits for the operation of the Brocklyn Subdivision Wastewater Treatment System. (b) The public interest would be served by the transfer of the sewer business to Richmond Utilities, LLC, as it has the technical expertise to operate the system in accordance with

the requirements of the Kentucky Public Service Commission and the Kentucky Division of Water. As stated in Paragraph 6 above, Richmond Utilities, LLC, has the requisite ability to provide adequate sanitation services to the residents of the Brocklyn Subdivision in Richmond, Madison County consistent with the public interest.

9. Richmond Utilities, LLC, has filed a Notice of Adoption as described in 807 KAR 5:011.

WHEREFORE, the undersigned Joint Applicants respectfully request the Public Service Commission to issue an Order finding that Richmond Utilities, LLC, has the financial, technical, and managerial abilities to provide reasonable service to the wastewater customers of Brocklyn Subdivision, which includes the Brocklyn Subdivision Wastewater treatment system; that the proposed transaction is in accordance with law, is for a proper purpose, and is consistent with the public interest; and, that the proposed transfer of the sewer business by B & H, Inc., to Richmond Utilities, LLC, is authorized and approved.

Respectfully submitted,

B & H, INC.

Bob L. Hager 8-12-04
Bob L. Hager, President Date

RICHMOND UTILITIES, LLC

Marty Cogan 8/2/04
Marty Cogan, Member Date

STATE OF KENTUCKY)
)
COUNTY OF Madison)

Signed and sworn to before me by Bob L. Hager, as President of B & H, Inc., this the 13th
day of August, 2004.

My commission expires: 12-22-07

[Signature]
Notary Public

STATE OF KENTUCKY)
)
COUNTY OF Jefferson)

Signed and sworn to before me by Marty Cogan, as a Member of Richmond Utilities, LLC,
this the 25th day of August, 2004.

My commission expires: July 12, 2005

[Signature]
Notary Public

EXHIBIT A

ASSETS PURCHASE AGREEMENT

This is an Assets Purchase Agreement ("Agreement") dated as of the ____ day of August, 2004, by and between B. H., Inc. (474 Eastern By-Pass, Richmond, Kentucky 40475), and Inland Builders, Inc. (Route 1, Deacon Hills, Richmond, Kentucky 40475), Parties of the First Part (hereinafter called the "SELLER") and Richmond Utilities, Inc. (1706 Bardstown Road, Louisville, Kentucky 40205-1212), Party of the Second Part (hereinafter called the "BUYER")

RECITALS

WHEREAS, the Seller owns and operates certain wastewater collection, conveyance and treatment facilities and real property upon which treatment facilities are located (the "Wastewater System"), serving land located in or adjacent to the property known as Brocklyn Subdivision in Madison County, Kentucky. The Wastewater System includes a 40,000 gallon per day wastewater treatment plant and associated sanitary sewers, pumping stations, force mains, equipment, supplies, sewer easements, and real estate.

WHEREAS, the SELLER desires to sell and the BUYER desires to purchase the Wastewater System in accordance with and subject to the provisions of this Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged by the parties, and in consideration of the mutual covenants and agreements contained in this Agreement, and intending to be legally bound, the parties hereto agree as follows:

SECTION I PURCHASE AND SALE

Section 1.1 Sale of Assets. The SELLER hereby agrees to sell and convey to BUYER and BUYER hereby agrees to purchase from SELLER the following assets (the "Assets");

(a) Property. The sewage collection system, including all appurtenances such as manholes, pumping stations and the sewage treatment plant and all real property, fixtures, supplies and equipment associated with the Wastewater System owned by SELLER, which is more particularly described on Exhibit A, and all the sewage collection system, including all appurtenances such as manholes, pumping stations and the sewage treatment plant and all fixtures, equipment and cash proceeds owned by, administered by or maintained by the Trust created pursuant to the Trust Indenture dated June 5, 1969, by and between B.H. Incorporated, Inland Builders Incorporated and State Bank and Trust Company (Predecessor to Bank One).

(b) Records. Copies of all records of the SELLER relating to the ownership, operation, maintenance and design of the Wastewater System and the Trust created pursuant to the above mentioned Trust Indenture dated June 5, 1969, including but not limited to sewer maps, construction plans and drainage plans that may exist.

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(c) Governmental Approvals. Kentucky Pollutant Discharge Elimination System Permit No. _____, a copy of which is attached hereto as Exhibit B, as issued by the Kentucky Department for Environmental Protection, Division of Water, and as amended from time to time, and all other existing approvals, certificates of public convenience and necessity, permits, licenses, orders, tariffs, and similar rights obtained from governments and governmental agencies to the extent SELLER'S interest therein is transferrable and related to the ownership or operation of the wastewater system.

Section 1.2 Assumption of Liabilities by BUYER. BUYER does not assume, agree to perform or discharge, or otherwise have any responsibility for, any liabilities or contractual obligations of the SELLER arising prior to the Closing Date. Except as specifically stated herein, the SELLER agrees to retain and satisfy or discharge in full, all liabilities existing on the Closing Date or arising out of the operation of the Wastewater System prior to the Closing Date including but not limited to any and all liabilities arising from the use, disposal, handling, presence or discharge of pollutant(s), toxic substance(s), hazardous waste(s), hazardous material(s), hazardous substance(s), contaminants, or oil as defined in or pursuant to the Resource Conservation and Recovery Act, as amended, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, the Federal Clean Water Act, KRS 224.01-400, or any other federal, state, or local environmental law, regulation, ordinance or rule, whether existing as of the date hereof, previously enforced, or subsequently enacted.

Section 1.3 Terms and Conditions of Sale.

(a) The purchase price to be paid by BUYER to SELLER for the assets described in Section 1.1 above shall be One Hundred Dollars (\$100.00). The parties further agree:

(i) that Real and Personal Property Taxes and Public Service Commission Assessments due and payable for 2004 shall be pro-rated as of the date of closing. BUYER shall pay any sales tax due on the sale of the assets to it.

(ii) that Customer Receivables made up of payments by customers of SELLER for services provided by SELLER up to the date of closing and received by BUYER shall be retained by SELLER and paid to SELLER within ten (10) days of receipt if collected by BUYER.

SECTION II

CLOSING

Section 2.1. Closing. The purchase and sale (the "Closing") provided for in this Agreement will take place at the offices of B.H Incorporated, 468 Eastern Bypass, Richmond, Kentucky 40475, at a date and time to be agreed upon by the parties to this Agreement, but in no event shall the closing take place after more than thirty (30) days after the receipt of approval by the Kentucky Public Service Commission of the BUYER'S purchase of the subject assets from SELLER.

Section 2.2 Closing Obligations. At the Closing:

(a) SELLER will deliver to BUYER:

(i) a Bill of Sale documenting the sale of the wastewater treatment plant and all the sewage collection system, including all appurtenances such as manholes, pumping stations, fixtures, equipment and supplies, as well as those tangible assets previously held in trust by the Trust created pursuant to the Trust Indenture dated June 5, 1969, by and between B.H. Incorporated, Inland Builders Incorporated and State Bank and Trust Company (Predecessor to Bank One).

(ii) a General Warranty Deed reflecting the conveyance in fee simple of the Wastewater System treatment plant site located in Madison County, Kentucky to BUYER.

(iii) The funds in the account(s) owned by SELLER, including the funds or proceeds previously owned by, administered by or maintained by the Trust created pursuant to the Trust Indenture dated June 5, 1969, by and between B.H. Incorporated, Inland Builders Incorporated and State Bank and Trust Company (Predecessor to Bank One).

(iv) the records referred to in Paragraph 1.1 (b) and copies of correspondence forwarded to the appropriate government agencies requesting the transfer to BUYER of all permits, licenses, orders, tariffs and other similar rights.

(v) a resolution of the SELLER authorizing the SELLER to enter into this Agreement.

(vi) all other documents necessary to complete this transaction.

(b) BUYER will deliver to Seller:

(i) Payment of the full purchase price as set forth in Section 1.3.

(ii) a Resolution of the BUYER authorizing the BUYER to enter into and to perform this Agreement and the consents of all third parties and governmental authorizations necessary to this transaction, including, without limitation, the Public Service Commission of Kentucky.

SECTION III

REPRESENTATIONS AND WARRANTIES OF THE SELLER

Section 3.01. Organization and Authority. B.H., Inc. and Island Builders, Inc. were and are for-profit corporations duly organized and currently in existence under the laws of the

Commonwealth of Kentucky. SELLER has all requisite power and authority to own, lease, and operate the assets used in the conduct of the Wastewater System and SELLER does not know of any facts to the contrary. SELLER has the absolute and unrestricted right, power, authority, and capacity to execute and deliver this Agreement and to perform its obligations under this Agreement, subject to the Public Service Commission's approval of the transfer of the Assets to the BUYER.

Section 3.02. Books and Records. The books and records concerning the design, operation, maintenance, and repair of the Wastewater System have been made available to BUYER.

Section 3.03. No Undisclosed Liabilities. SELLER is not aware of any liabilities or obligations of any nature (whether known or unknown and whether absolute, accrued, contingent, or otherwise) associated with the operation or ownership of the Wastewater System except for current liabilities incurred in the Ordinary Course of Business which are known to Buyer.

Section 3.04. Compliance with Legal Requirements; Governmental Authorizations.

(a) SELLER believes the following to be true:

(i) The SELLER is in full compliance with each Legal Requirement that is or was applicable to SELLER or to the conduct or operation of the Wastewater System or the ownership, use or transfer of any of its assets, and does not know of any pending proceeding against SELLER relating to the operation, ownership, use or transfer of the assets associated with the Wastewater System; and

(ii) the SELLER has not received any notice or other communication (whether oral or written) from any Governmental Body or any other Person regarding (A) any actual, alleged, possible, or potential violation of, or failure to comply with, any applicable Legal Requirement, or (B) any actual, alleged, possible, or potential obligation on the part of the SELLER to undertake, or to bear all or any portion of the cost of, any environmental remedial action of any nature, with the exception of the allegations set forth in the case styled Commonwealth of Kentucky v. B.H., Inc., Civil Action 02-CI-1141 currently pending in the Franklin Circuit Court.

Section 3.05. Disclosure. No representation or warranty of SELLER in this Agreement omits a material fact necessary to make the statements herein accurate.

Section 3.06. Brokers or Finders. SELLER and SELLER'S agents have incurred no obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payment in connection with this Agreement.

SECTION IV REPRESENTATIONS AND WARRANTIES OF THE BUYER

The BUYER represents and warrants to SELLER as follows:

Section 4.01. Approval of Purchase and Authorization, Execution and Delivery of this Agreement. The BUYER has been duly authorized by all necessary action to purchase the Wastewater System (subject to the approval of the Public Service Commission) and the execution of this Assets Purchase Agreement constitutes a valid and binding obligation of the BUYER in accordance with its terms.

Section 4.02. Brokers or Finders. The BUYER and its agents have incurred no obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payment in connection with this Agreement.

Section 4.03. Examination of Properties and Records. The BUYER has examined and is familiar with the real property, sewer system, fixtures and equipment constituting the Wastewater System and their current condition, and has had the opportunity to have such real property, sewer system, fixtures and equipment inspected. The BUYER has received or has examined to its satisfaction all books and records of the SELLER concerning the design, operation, maintenance, and repair of the Wastewater System and the administration of the Trust created pursuant to the June 5, 1969 Trust Indenture mentioned above. The BUYER has had the opportunity to make all inquiries about the Wastewater System and SELLER it deemed appropriate and has received satisfactory responses to such inquiries.

SECTION V COVENANTS OF SELLER

Section 5.01. Access and Investigation. Between the date hereof and the Closing Date, SELLER will (a) afford BUYER and its Representatives full and free access to the SELLER'S personnel, properties (including subsurface testing), contracts, books and records, and other documents and data, concerning the operation, maintenance and repair of the wastewater system, and the administration of the Trust created pursuant to the June 5, 1969 Trust Indenture mentioned above.

Section 5.02. Operation of the Businesses of the Company. Between the date hereof and the Closing Date, SELLER will:

(a) conduct the operation of the Wastewater System only in the Ordinary Course of Business;

(b) use its Best Efforts to maintain the relations and good will with suppliers, customers, landlords, creditors, employees, agents, and others with whom it has business relationships; and

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(c) confer with BUYER concerning operational matters of a material nature.

Section 5.03. Required Approvals. As promptly as practicable after the date hereof, SELLER will make or assist in the submission of all filings and other documents required in order to consummate the sale of the Wastewater System to Buyer, including the filing to be made with the Public Service Commission. Between the date hereof and the Closing Date, SELLER will cooperate with the BUYER with respect to all filings that the BUYER elects to make in connection with the purchase of the Wastewater System.

Section 5.04. Notification. Between the date hereof and the Closing Date, SELLER will promptly notify BUYER in writing if SELLER becomes aware of any fact or condition reflecting a material change in the operation of or equipment of the Wastewater System that causes or constitutes a breach of any of SELLER'S representations and warranties as of the date of this Agreement.

Section 5.05. Indemnification. SELLER will indemnify and hold harmless BUYER, and will pay to BUYER the amount of any damages, including but not limited to incidental and consequential damages, expenses of investigation, defense, court costs and reasonable attorneys fees, whether or not involving a third-party claim, arising directly or indirectly, for or in connection with (a) any breach of any representation or warranty made by SELLER in this Agreement or in any certificate delivered by SELLER pursuant to this Agreement, or (b) any breach by SELLER of any covenant or obligation of SELLER set forth or established in this Agreement, or (c) any liability for claims or causes of action resulting from SELLER'S actions or conduct occurring prior to the date of Closing.

SECTION VI

COVENANTS OF THE BUYER

Section 6.01. Approvals of Governmental Bodies. As promptly as practicable after the date of this Agreement, BUYER will make all filings required to consummate the purchase of the wastewater system, and will cooperate in the preparation and filing of the Joint Application necessary to obtain the Public Service Commission's approval of said purchase.

Section 6.02. Indemnification. BUYER will indemnify and hold harmless SELLER, and will pay to SELLER the amount of any damages, including but not limited to incidental and consequential damages, expenses of investigation, defense, court costs and reasonable attorneys fees, whether or not involving a third-party claim, arising directly or indirectly, for or in connection with (a) any breach of any representation or warranty made by BUYER in this Agreement or in any certificate delivered by BUYER pursuant to this Agreement, or (b) any breach by BUYER of any covenant or obligation of BUYER set forth or established in this Agreement, or (c) any liability for claims or causes of action resulting from BUYER'S actions or conduct occurring prior to the date of Closing.

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SECTION VII GENERAL PROVISIONS

Section 7.01. Notices. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (a) on the date of service if served personally on the party to whom notice is to be given, (b) on the day after delivery to a nationally recognized overnight courier service, or the Express Mail service maintained by the United States Postal Service, or (c) on the fifth (5th) day after mailing, if mailed to the party to whom notice is to be given, by first class mail, registered or certified, postage prepaid, and addressed as follows:

If to SELLER, to:

Bob Hager
474 Eastern By-Pass
Richmond, Kentucky 40475

If to BUYER, to:

Marty Cogan
1706 Bardstown Road
Louisville, Kentucky 40205

Any party may change its address for the purpose of this Section 7.01 by giving the other parties written notice of its new address in the manner set forth above.

Section 7.02. Headings. The article, section, and paragraph headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

Section 7.03. Construction. The parties have participated jointly in the negotiation and drafting of this Agreement, and, in the event of an ambiguity, or, a question of intent or a need for interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

Section 7.04. Severability. If any provision of this Agreement is declared by any court or other governmental body to be null, void, or unenforceable, this Agreement shall be construed so that the provision at issue shall survive to the extent it is not so declared and that all of the other provisions of this Agreement shall remain in full force and effect.

Section 7.05. Entire Agreement. This Agreement contains the entire understanding between the parties to this Agreement with respect to the transactions contemplated by this Agreement and supersedes and replaces all prior and contemporaneous agreements and understandings, oral or written, with regard to those transactions. All exhibits to this Agreement are expressly made a

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part of this Agreement as fully as though completely set forth herein.

Section 7.06. Amendments; Waivers. This Agreement may be amended or modified, and any of the terms, covenants, representations, warranties, or conditions hereof may be waived, only by a written instrument executed by the parties to this Agreement, or in the case of a waiver, by the party waiving compliance. Any waiver by any party of any condition, or of the breach of any provision, term, covenant, representation, or warranty contained in this Agreement, in any one or more instances, shall not be deemed to be or construed as a further or continuing waiver of any condition or of the breach of any other provision, term, covenant, representation, or warranty of this Agreement.

Section 7.07. Parties in Interest. Nothing in this Agreement is intended to confer any rights or remedies under or by reason of this Agreement on any Person other than SELLER and BUYER and their respective successors and permitted assigns.

Section 7.08. Successors and Assigns. No party to this Agreement shall assign or delegate this Agreement or any rights or obligations hereunder without the prior written consent of the other parties to this Agreement, and any attempted assignment or delegation without prior written consent shall be void and of no force or effect.

Section 7.09. Governing Law, Jurisdiction. This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the Commonwealth of Kentucky (without giving effect to the principles of conflicts of laws thereof). The parties to this Agreement irrevocably agree and consent to the jurisdiction of the courts of the Commonwealth of Kentucky for the adjudication of any matters arising under or in connection with this Agreement.

Section 7.10. Survival of Representations and Warranties. All representations, warranties and covenants by any party to this Agreement contained in this Agreement or in any certificate or other instrument delivered by or on behalf of any party pursuant to this Agreement shall be continuous and shall survive the closing.

IN WITNESS WHEREOF, the parties to this Agreement have executed this Agreement effected as of the date first above written.

‘SELLER’

B.H., Incorporated

By: *Bob J. Hagan*

Date and Title: *8-18-04 Pres.*

Inland Builders, Incorporated

By: Bob J. Alger

Date and Title: 8-18-04 Pres.

"BUYER"

Richmond Utilities, LLC

By: [Signature]

Date and Title: 8/20/2004 purchase

EXHIBIT B

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Commonwealth of Kentucky
Department of State



Office of Secretary of State

ELMER BEGLEY, SECRETARY

ARTICLES OF INCORPORATION

I, ELMER BEGLEY, Secretary of State of the Commonwealth of Kentucky, do hereby certify that Articles of Incorporation of

B. H. INCORPORATED

Richmond, Kentucky

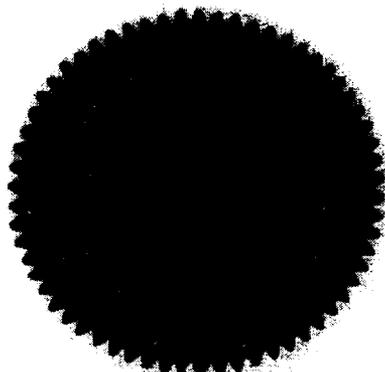
duly signed and acknowledged according to law, have this day been filed in my office. I further certify that all taxes, fees and charges payable upon the filing of said Articles of Incorporation have been paid

Witness my official signature this 12th day

of SEPTEMBER, 19 68.

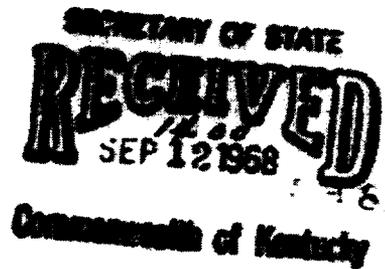

Secretary of State

Assistant Secretary of State



SECRETARY OF STATE

P. H. INCORPORATED



ARTICLES OF INCORPORATION

WE, BOB L. HAGER, AND CHARLES FOLTON, IN ORDER TO FORM A CORPORATION FOR THE PURPOSES HEREINAFTER SET FORTH, UNDER AND PURSUANT TO THE PROVISIONS OF THE STATUTES OF THE COMMONWEALTH OF KENTUCKY, DO HEREBY ON THIS THE 5 DAY OF September, 1968, STATE AS FOLLOWS:

ARTICLE ONE

THE NAME OF THIS CORPORATION SHALL BE P. H. INCORPORATED.

ARTICLE TWO

THE PURPOSES FOR WHICH THIS CORPORATION IS ORGANIZED ARE: THE GENERAL BUSINESS OF BUYING, SELLING, OWNING AND LEASING REAL ESTATE; AND ALL MATTERS CONNECTED THEREWITH OR INCIDENT THERETO, INCLUDING, BUT WITHOUT LIMITATION THEREON, SUBDIVIDING AND SELLING REAL ESTATE, AND TO LEASE ACQUIRE, OWN AND HOLD ALL PROPERTIES, BOTH REAL AND PERSONAL, NECESSARY IN CONNECTION WITH THE MANAGEMENT AND OPERATION OF A GENERAL REAL ESTATE AND CONSTRUCTION BUSINESS IN CONNECTION WITH THE OPERATION OF SAID GENERAL REAL ESTATE BUSINESS, AND TO PLAN, DESIGN, ERECT, CONSTRUCT, BUILD PURCHASE, SELL, LEASE, ACQUIRE, OWN, HOLD, MAINTAIN, IMPROVE FURNISH, EQUIPMENT, MANAGE AND OPERATE SAID REAL ESTATE BUSINESS AND BUILDINGS ERECTED OR CONSTRUCTED IN CONNECTION THEREWITH, AND TO ENGAGE IN OR DO ANY LAWFUL BUSINESS FOR WHICH CORPORATIONS MAY BE ORGANIZED UNDER THE LAWS OF THE COMMONWEALTH OF KENTUCKY.

ARTICLE THREE

THE DURATION OF THE CORPORATION IS AND SHALL BE PERPETUAL.

ARTICLE FOUR

THE LOCATION AND POST OFFICE ADDRESS OF THE REGISTERED OFFICE OF THE CORPORATION IN THE COMMONWEALTH OF KENTUCKY IS:

BOB L. HAGER
ROUTE #1
DEACON HILLS
RICHMOND, KENTUCKY

ARTICLE FIVE

THE NAME AND POST OFFICE ADDRESS OF THE INITIAL RESIDENT AGENT OF SAID CORPORATION IS:

BOB L. HAGER
ROUTE #1
DEACON HILLS
RICHMOND, KENTUCKY

ARTICLE SIX

THE AGGREGATE NUMBER OF SHARES WHICH THE CORPORATION IS AUTHORIZED TO ISSUE IS ONE THOUSAND (\$1,000.00) SHARES, ALL OF SAID SHARES BEING COMMON STOCK. EACH OF SAID SHARES IS AND SHALL HAVE A PAR VALUE OF TEN DOLLARS (\$10.00).

ARTICLE SEVEN

EACH SHARE OF SAID COMMON STOCK OF THE CORPORATION SHALL BE OF EQUAL DIGNITY WITH EVERY OTHER SHARE AND THE HOLDER OF EACH SAID SHARE IS AND SHALL BE ENTITLED TO ONE VOTE FOR EACH SHARE REGISTERED IN THE NAME OF SAID SHAREHOLDER ON THE BOOKS OF THE CORPORATION AT ALL MEETINGS OF SHAREHOLDERS.

ARTICLE EIGHT

THE MINIMUM AMOUNT OF CAPITAL WITH WHICH THE CORPORATION SHALL BEGIN BUSINESS SHALL BE \$1,000.00.

ARTICLE NINE

THE NAMES AND POST OFFICE ADDRESSES OF THE INCORPORATORS AND THE NUMBER OF SHARES SUBSCRIBED BY EACH IS AS FOLLOWS:

NAME	ADDRESS	NO OF SHARES
CHARLES BOLTON		50 SHARES
BOB L. HAGER	ROUTE #1 RICHMOND, KENTUCKY	50 SHARES

ARTICLE TEN

THE NUMBER OF DIRECTORS TO BE ELECTED AT THE FIRST MEETING OF THE SHAREHOLDERS IS (3).

IN WITNESS WHEREOF, WE HAVE HERETO SUBSCRIBED OUR NAMES THIS THE 5 DAY OF September 1968.

Bob L. Hager
BOB L. HAGER

Charles Bolton
CHARLES BOLTON

STATE OF KENTUCKY
COUNTY OF MADISON

BEFORE ME, ALBA CLEM, A NOTARY PUBLIC STATE AT LARGE, ON THE 5 DAY OF September 1968, PERSONALLY APPEARED BOB L. HAGER, AND CHARLES BOLTON, TO ME PERSONALLY KNOWN TO BE THE PERSONS NAMED IN THE FOREGOING ARTICLES OF INCORPORATION AND WHO, BEING FIRST DULY SWORN BY ME,

ACKNOWLEDGED THAT THEY AND EACH OF THEM BEFORE ME SIGNED THE FOREGOING ARTICLES OF INCORPORATION FOR THE PURPOSES THEREIN CONTAINED AND ENUMERATED AND ACKNOWLEDGED AND DECLARED THAT THE STATEMENTS THEREIN ARE TRUE.

WHEREUPON, THE SAME TOGETHER WITH THIS CERTIFICATE, IS HEREBY CERTIFIED TO THE PROPER OFFICE FOR RECORD.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS THE 5 DAY OF September 1968.

Alba Clem
NOTARY PUBLIC, STATE AT LARGE

COMMISSION EXPIRES THE 11 DAY OF January 1970

THIS INSTRUMENT PREPARED BY:
Bill Robbins
BILL ROBBINS
ATTORNEY AT LAW
RICHMOND, KENTUCKY

ORIGINAL COPY
FILED AND RECORDED

Anna Beatty

SEP 12 1968

STATE OF KENTUCKY
COUNTY OF MADISON

~~STATE OF KENTUCKY~~
Anna Beatty
~~NOTARY PUBLIC~~

I, C. S. WAGERS, CLERK OF THE MADISON COUNTY COURT DO CERTIFY THAT THE FOREGOING ARTICLES OF INCORPORATION, D. H. INCORPORATION, WAS ON THE ___ DAY OF _____, 1968 PRODUCED TO ME IN MY OFFICE CERTIFIED AS ABOVE FOR RECORD.

WHEREUPON THE SAME WITH THE FOREGOING AND THIS CERTIFICATE HAVE BEEN DULY RECORDED IN MY OFFICE.

GIVEN UNDER MY HAND, THIS THE ___ DAY OF _____, 1968.

CLERK

D. C.

EXHIBIT C

MINUTES OF B.H., INC.

A special meeting of the Board of Directors of B.H., Inc., was held at Richmond, Kentucky, at approximately ___ p.m., on July, 2004. Present were Bob Hager and Oberita Hager, constituting the full membership of the said Board. All members of the Board of Directors waived formal written notice of said Special Meeting. By unanimous consent, Bob L. Hager presided as Chairman of the meeting and Oberita Hager was Secretary thereof.

The Chairman discussed the negotiation of the sale of the Brocklyn Subdivision Wastewater System located in Richmond, Kentucky and related assets, and proceeds owned by, administered by or maintained by B. H., Inc., and/or the Trust created pursuant to the Trust Indenture dated June 5, 1969, by and between B.H. Incorporated, Inland Builders Incorporated and State Bank and Trust Company (Predecessor to Bank One) to Richmond Utilities, LLC. On motion duly made, seconded and unanimously carried, the following resolution was adopted:

RESOLVED, that B.H., Inc., is hereby authorized to negotiate the sale of the Brocklyn Subdivision wastewater treatment plant, including but not limited to the real property and fixtures, machinery, equipment and other personal property related to same, and all interest in the Trust created pursuant to the Trust Indenture dated June 5, 1969, by and between B.H. Incorporated, Inland Builders Incorporated and State Bank and Trust Company (Predecessor to Bank One) to Richmond Utilities, LLC, to enter into and execute the documents necessary to consummate the sale of said Wastewater system, which will include an Assets Purchase Agreement, and deed conveying the treatment plant site to Richmond Utilities, LLC, and to take all actions necessary to consummate the sale of said Wastewater System to Richmond Utilities, LLC, including the signing of a Joint Application for Approval of Transfer to be submitted to the Public Service Commission.

BE IT FURTHER RESOLVED, Bob L. Hager is hereby authorized to enter into and execute any and all documents necessary to consummate the sale of the Brocklyn Subdivision Wastewater System, including the real property and related assets, to Richmond Utilities, LLC.

There being no further business to come before the meeting, the same was adjourned by unanimous consent.

Oberita Hager
Oberita Hager, Secretary

Date: 8-13-04

Bob L. Hager
Bob L. Hager, President

Date: 8-12-04

EXHIBIT D

0590563.06

sbates
LAOO

Trey Grayson
Secretary of State
Received and Filed
07/16/2004 10:55:38 AM
Fee Receipt: \$40.00

**ARTICLES OF ORGANIZATION
OF
RICHMOND UTILITIES, LLC**

The undersigned organizer, desiring to form a Limited Liability Company under the Kentucky Limited Liability Company Act hereby states as follows:

ARTICLE I

The name of the Limited Liability Company is Richmond Utilities, LLC.

ARTICLE II

The name and address of the original registered agent is Robert C. Moore, 415 West Main Street, P.O. Box 676, Frankfort, Kentucky 40602-0676.

ARTICLE III

The mailing address of the initial principle place of business of the Limited Liability Company is: 1706 Bardstown Road, Louisville, Kentucky, 40205.

ARTICLE IV

The Limited Liability Company has two members.

ARTICLE V

The Limited Liability Company is to be managed by its members.

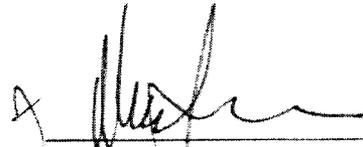
ARTICLE VI

Unless earlier dissolved in accord with the Kentucky Limited Liability Company Act and the operating agreement of the Limited Liability Company, the duration of Richmond Utilities, LLC, is perpetual.

ARTICLE VII

Except as otherwise provided by Kentucky law, no member, manager, agent or employee of the Limited Liability Company shall be personally liable for the debts, obligations, or liabilities of the Limited Liability Company, whether arising in contract, tort or otherwise, or for the acts or omissions of any other member, manager, agent or employee of the Limited Liability Company.

IN TESTIMONY WHEREOF, the undersigned has duly executed these Articles of Organization this 16th day of July, 2004.


Martin Cogan, Organizer

STATE OF KENTUCKY)
)SS
COUNTY OF FRANKLIN)

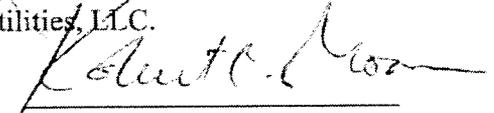
SWORN TO AND ACKNOWLEDGED before me this 16th day of July, 2004, by Martin Cogan, organizer.

My commission expires 2-26-08.


NOTARY PUBLIC

CONSENT OF INITIAL REGISTERED AGENT FOR SERVICE OF PROCESS

I, Robert C. Moore, registered agent, having a principle place of business of 415 West Main Street, P.O. Box 676, Frankfort, Kentucky 40602-0676, hereby agree and consent to serve as registered officer and agent for service of process of Richmond Utilities, LLC.


Robert C. Moore

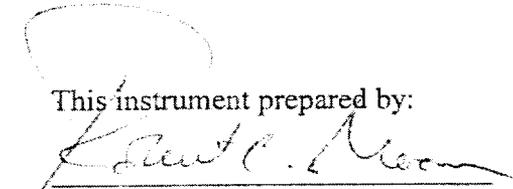
STATE OF KENTUCKY)
)SS
COUNTY OF FRANKLIN)

SWORN TO AND ACKNOWLEDGED before me this 16th day of July, 2004, by Robert C. Moore.

My commission expires 2-26-08.


NOTARY PUBLIC

This instrument prepared by:


Robert C. Moore

Hazelrigg & Cox, LLP
415 West Main Street
P.O. Box 676
Frankfort, Kentucky 40602-0676